THE Tobacco SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
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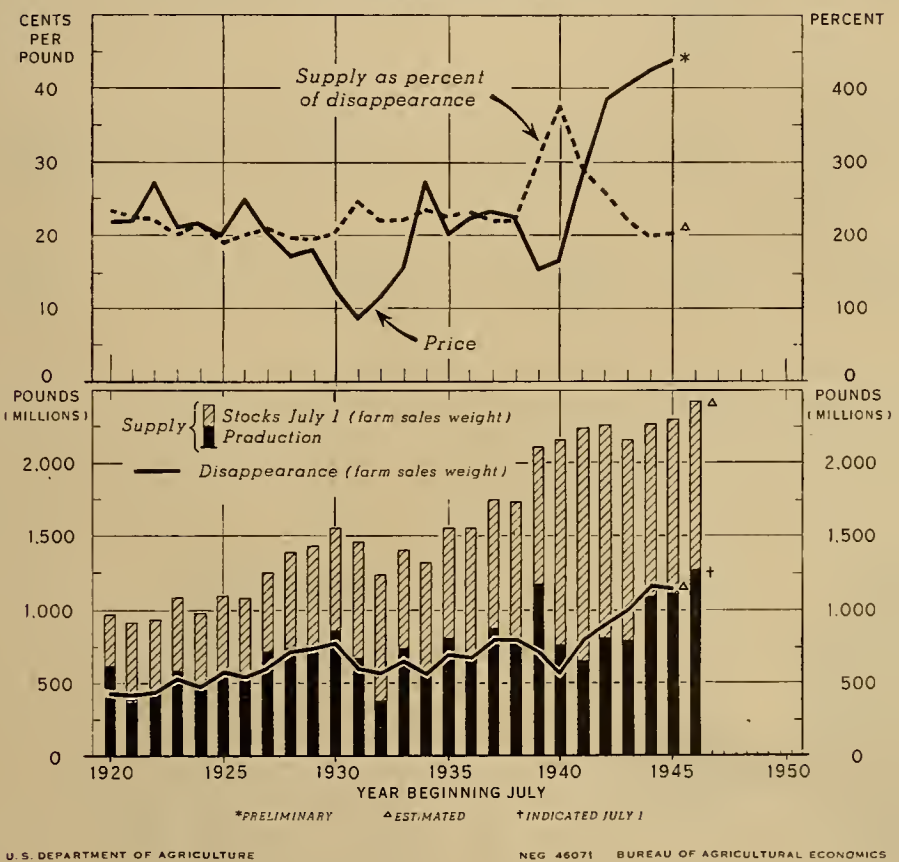
FLUE-CURED TOBACCO: PRICE RECEIVED BY FARMERS RELATED TO SUPPLY AND DISAPPEARANCE. UNITED STATES, BY YEARS, 1920-46



The annual relationship between the supply and disappearance of flue-cured tobacco has been an important, but not consistent, factor affecting flue-cured tobacco prices. Some of the other important factors are: (1) production of other cigarette tobaccos, (2) levels of production, consumption, and exports of flue-cured and other tobaccos in prospect for succeeding years, (3) governmental actions, and (4) the level of economic activity as it affects commodity prices in general. Supplies for the 1946 season now seem likely to be at about the same level relative to prospective disappearance as in the 1944-45 and 1945-46 seasons when farmers received average prices ranging from 42 to 44 cents per pound. Prospects are good for continued high level production of flue-cured tobacco, and growers have voted to continue government acreage controls and marketing allotments through the 1949-50 season. Prospects for domestic consumption and exports during the next one or two years are also good and the level of commodity prices in general is high. At the opening of the auctions, prices received by farmers for type 14, the first type of the 1946 flue-cured crop to be sold, were above those received a year earlier.

STATISTICAL SUMMARY

Item	Unit or base period	1945 April	1945 May	1945 June	1945 July	1946 April	1946 May	1946 June	1946 July 1/	Last data available as percent of a year earlier
Prices received by farmers at auctions currently open	Cents per pound									
Flue-cured (type 14)		Closed			41.2	Closed			47.6	116
Maryland 2/		54.4	54.8	55.8	56.1	Closed	54.5	58.2	57.8	103
Parity Prices										
Flue-cured	Cents	33.0	33.0	33.0	33.0	34.4	35.3	36.0	38.2	116
Burley	per	32.0	32.0	32.0	32.0	33.3	34.2	34.9	37.1	116
Maryland	pound	25.6	25.6	25.6	25.6	27.0	27.5	27.9	30.0	117
Index of Prices Paid	1919-28 = 100 3/	112	112	112	112	118	120	122	131	117
	1934-38 = 100 4/	144	144	144	144	150	154	157	167	116
Tax-paid withdrawals, Actual 5/										
Cigarettes, small	Millions	17,104.1	21,292.4	24,316.8	21,815.2	25,451.5	29,972.0	26,360.1		108
Cigars, large	"	396.8	423.5	412.7	360.6	492.5	505.7	6/ 452.2		110
Chewing and Smoking	Mil.lb	21.5	23.7	23.1	21.3	16.6	18.0	18.0		78
Snuff	"	3.7	4.4	3.1	3.2	3.5	3.2	3.1		100
Tax-paid Withdrawals accumulated since Jan.1										
Cigarettes	Millions	72,549	93,842	118,158	139,974	100,715	130,687	157,047		133
Cigars	"	1,602	2,025	2,438	2,799	1,915	2,421	2,873		118
Chewing and Smoking	Mil.lb	90	113	136	158	63	81	99		73
Snuff	"	15	20	23	26	14	17	20		87
Tax-free Cigarettes, Actual	Millions	9.5	8.8	4.8	3.2	3.4	3.0			34
Tax-free Cigarettes Cumulative since Jan.1	"	40.7	49.5	54.4	57.6	9.8	12.8			26
Tax-paid plus tax-free Cigarettes cumulative since January 1	"	72,590	93,892	118,212	140,032	100,725	130,700			139
Stocks, beginning of Quarter (farm-sales weight) 7/										
Flue-cured	Mil.lb	1,428			1,126	1,487				104
Burley	"	985			881	1,100				112
Maryland	"	30			44	39				130
Dark fire-cured	"	192			167	142				74
Dark air-cured	"	84			69	81				96
Cigar, filler	"	226			240	222				98
Cigar, binder	"	133			118	137				103
Cigar, wrapper	"	18			15	18				100
Exports (farm-sales wt.):	Monthly									
Flue-cured	Thousand	52,378	69,588	24,059	36,573	56,858	52,318			75
Burley	pounds	142	699	848	1,942	4,216	6,040			864
Maryland	"	1	302	26	222	406	1,208			400
Dark fire-cured	"	5,018	7,472	10,063	10,122	5,408	6,926			93
Dark air-cured	"	454	538	1,193	1,257	510	1,898			353
Cigar	"	12	1,938	909	437	264	982			51
Perique	"	---	19	20	24	67	7			37
Total	"	58,005	80,556	37,118	50,577	67,729	69,379			86
Exports, cumulative since beginning of crop year	Thousand									
Flue-cured	pounds	360,629	430,216	454,276	---	377,678	429,996			100
Burley	"	2,364	3,061	3,909	5,851	10,862	16,902			552
Maryland	"	834	1,137	1,163	1,385	1,466	2,674			235
Dark fire-cured	"	16,076	23,550	33,612	43,734	21,599	28,527			121
Dark air-cured	"	2,041	2,581	3,772	5,031	5,382	7,280			282
Cigar	"	486	2,424	3,333	3,770	5,476	6,457			266
Perique	"	18	37	57	82	100	108			292
Disposable Income, Quarterly 8/	Billion dollars	142				142 1/				100
Index of Industrial Production 9/	1935-39 = 100	229	225	220	211	160	159	171		78
Percent Labor Force Employed	Monthly	98.5	100.0	98.0	98.3	95.9	96.0	95.7		98

1/Preliminary. 2/ Includes small sales at the Baltimore Hogshead markets. 3/ All types except flue-cured, 11-14 and Burley 31. 4/ Flue-cured types 11-14 and Burley type 31. 5/ Includes Puerto Rico. 6/ Does not include Puerto Rico, normally about 1 percent. 7/ April 1, 1946, stocks are preliminary. 8/ Seasonally adjusted annual rate.
9/ Unadjusted.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board, August 7, 1946

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SUMMARY

As a result of a large civilian demand, production of most tobacco products has continued at high levels. Cigarette production during the first six months of 1946 was 172 billion. If this rate of production continues throughout the year the total will exceed any year on record. Tax-paid withdrawals of cigars totaled 2.9 billion during the first six months of 1946, about .43 billion more than in the corresponding period a year earlier. Production of smoking tobacco, which reached a low of 8.4 million pounds during the wartime peak in employment, increased to a level of about 15 million pounds per month during 1945 and then fell sharply when ample cigarettes became available. Production and consumption of chewing tobacco and snuff has continued to decline as employment has decreased in plants where smoking was not permitted during the war.

A strong export market is an important factor contributing to the favorable prices received by tobacco growers. Exports for the first 5 months

of 1946 exceeded the 1935-39 average for the same months, for all classes except fire-cured and dark air-cured. Of these two classes relatively small exportable supplies are available. Some of the factors pointing toward a strong export demand during the 1946 marketing year are: (1) the United States loan to Great Britain which should increase or maintain exports to the British Isles as well as to the sterling area, (2) the still depleted stocks and inventories abroad, and (3) the fact that tobacco products are an important source of revenue in many of the importing countries causes the governments of these countries to set up exchange and other economic conditions favorable to importation of tobacco leaf.

The Price Control and Stabilization Acts, as amended, abolish price controls on leaf tobacco and products manufactured in whole or substantial part therefrom, unless after August 20, the Secretary of Agriculture, with the written consent of the Price Decontrol Board, recommends that price controls be re-established. In order to reinstate these price controls, the Secretary of Agriculture and the Price Decontrol Board are required to find (1) that the price has risen unreasonably above a price equal to the maximum price in effect on June 30, 1946, plus the amount per unit of any subsidy payable with respect thereto as of June 29, 1946, (2) that the commodity is in short supply, (3) that price control of tobacco and tobacco products is practicable and enforceable and (4) that the public interest will be served by such regulation. (see page 18 for wording of the law)

According to the July 10 crop report, the 1946 crop of all tobaccos will amount to 2,126 million pounds, the largest on record and 128 million pounds larger than in 1945.

The July 10 crop report indicates that the 1946 crop of flue-cured tobacco will total 1,274 million pounds. This quantity along with July 1 stocks, now

estimated at 1,150 million pounds would provide supplies of 2,424 million pounds for the 1946 marketing year. The prospective high level of domestic disappearance and exports should cause 1946 season average prices of flue-cured tobacco to be favorable to growers, although supplies this season are the largest on record. Type 14 auctions opened on July 24 and type 13 auctions opened August 1 with prices averaging above those of a year earlier. Prices for the best grades averaged above those of a year earlier but below for the poorer grades.

Domestic disappearance of burley for the 1945 marketing year has fallen off to an estimated 450 million pounds as a result of a decrease in production of smoking tobacco. Exports of burley have been unusually large during the 1945 marketing year thus far and may exceed 20 million pounds for the full year. The burley carry-over on next October 1 is now forecast at about 865 million pounds. This carry-over, along with the prospective production of 543.3 million pounds, would place supplies for the 1946 marketing year at 1,408.3 million pounds, about 71.2 million above a year earlier.

Maryland auctions opened on May 21. Between that date and July 26 about 12,089 thousand pounds of the small 1945 crop were sold at an average price of 57.27 cents per pound, 2.31 cents a pound above the record high established in the corresponding weeks of last season. According to the July 10 crop report the total 1946 crop of Maryland tobacco will be about 39.2 million pounds from about 46,100 acres. According to present indications, supplies of Maryland tobacco for the 1946 marketing year will be somewhat larger than this year.

Domestic consumption of dark tobaccos has fallen off with the decrease in production of snuff and chewing tobacco. However, export demand for dark tobaccos continues strong, and stocks probably have been reduced to the minimum

required by manufacturers. The 1946 crop of fire-cured tobacco will probably exceed the 1945 crop by some 46 percent, while the crop of dark air-cured is estimated about the same as in 1945.

Total disappearance of all types of cigar tobaccos this marketing year will probably be about the same as the 135.5 million pounds which disappeared during the 1945 marketing year. Supplies of all cigar types next season will be about the same as in the last year. However, when filler, binder, and wrapper types are considered separately, it appears that filler supplies next year may be as much as 3 million pounds below those of the 1945-46 season. Binder supplies may be up by 10 million pounds, while wrapper supplies may be down very slightly. Prices of all cigar types are expected to remain strong this season although binder prices may be somewhat weaker than filler prices.

PRODUCTION AND CONSUMPTION OF TOBACCO PRODUCTS

Production of many tobacco products is running at a high level, with current large demand for cigarettes and cigars being maintained by the high level of income payments to individuals. For the last half of this year, income payments to individuals will probably exceed substantially the level attained in the corresponding period a year earlier. Demand for cigarettes and cigars is strong and consumers are taking record quantities. However, production has expanded since the end of the war to such an extent that depleted dealer inventories have been replensihed and the wartime shortage of cigarettes and cigars at the retail level has been virtually eliminated. As more cigarettes have become available, consumption of smoking tobacco has fallen off. Apparently the cigarette shortage maintained consumption of smoking tobacco during the peak of wartime employment.

Cigarettes

In April, consumption of cigarettes (as measured by tax-paid and tax-free withdrawals) was running above the corresponding month a year earlier. During the first 6 months of 1946 cigarette production totaled about 172 billion cigarettes. If this rate continues for the remainder of the year the annual total will exceed any year on record.

Cigars

Tax-paid withdrawals of cigars for the first 6 months of calendar 1946 total 2.9 billion compared with 2.4 billion in the corresponding period a year earlier. The difference represents the increased quantity of cigars available for civilian consumption this year compared with last, when substantial quantities of tax-free cigars were going to the armed forces. The combined production of

tax-paid and tax-free cigars during the 1945 marketing year may not be greatly different from a year earlier.

Smoking Tobacco

Smoking tobacco production decreased during the war from 205 million pounds in 1940 to 140 million pounds in 1944. Production then rose from the low point in April 1944 to a level of about 15 million pounds monthly, remaining near there until December 1945 when it again fell back. For the first four months of calendar 1946, production of smoking tobacco averaged only 7.0 million pounds per month, which is substantially lower than during the peak of wartime employment. Low consumption of smoking tobacco is ordinarily associated with high manufacturing employment. It is probable that cigarette shortages during the war prevented consumption of smoking tobacco from falling as low as might have been expected from the increase in employment. Also it appears that the replenishment of cigarette supplies has now caused smoking tobacco consumption to fall off.

Chewing Tobacco and Snuff

Production and consumption of chewing tobacco and snuff increased during the war along with increased employment in war plants where smoking was not permitted. As employment in war plants has fallen off and as the cigarette shortage has eased, production and consumption of chewing tobacco and snuff has fallen off. In the first four months of this calendar year production of chewing tobacco totaled 35.7 million pounds, a decrease of 5.5 million pounds from the corresponding period a year earlier. This change is rather closely paralleled by the change in snuff production. Production of snuff totaled 13.6 million pounds during the first four months of 1946, compared with 15.7 million pounds in the corresponding months of 1945.

FOREIGN DEMAND FOR AMERICAN TOBACCO

Exports of American tobacco have been increasing since mid-1945. The strong foreign demand has been a factor contributing to the favorable prices received by U.S. tobacco growers.

Table 1.-Exports of Leaf Tobacco, by type, selected periods 1/

Type	1935-39 Average	1945	Change from 1935-39	January to May 1935-39 Average	January to May 1945	Change from 1935-39	January to May 1946	Change from 1935-39
	1,000 pounds	1,000 pounds	Percent	1,000 pounds	1,000 pounds	Percent	1,000 pounds	Percent
Flue-cured	359,197	433,216	20.6	106,076	235,934	122.4	256,772	142.1
Burley	12,198	13,326	9.2	5,648	2,258	- 60.0	12,096	114.2
Maryland	5,616	3,020	-46.2	2,503	1,137	- 54.6	2,674	6.8
Fire-cured	66,525	73,172	10.0	36,552	20,730	- 43.3	16,379	-55.2
Air-cured	11,709	8,189	-30.1	5,675	1,791	- 68.4	4,551	-19.8
Cigar	1,650	6,770	310.3	638	2,320	263.6	3,593	463.2
Perique	132	115	-12.9	84	29	- 65.5	84	0.0

1/ Farm - sales weight.

Compiled from reports and official records of the Bureau of Foreign and Domestic Commerce.

From table 1, it can be seen that flue-cured and cigar tobaccos were the only types for which exports during the first five months of 1945 exceeded the average for the corresponding months of 1935-39. After V-E day exports increased substantially. For the year as a whole, exports of flue-cured, burley, fire-cured and cigar types were in excess of the 1935-39 annual average. The foreign demand continued strong during the first five months of 1946. In this period, exports exceeded the 1935-39 average during the same months for all types except fire-cured and dark-air-cured tobacco, the supplies of which were insufficient to meet foreign demand. A large proportion of the tobacco exported during the first five months of 1946 was purchased at a much earlier date and held in this country until shipping became available.

Three factors point to maintenance of a strong export demand for tobacco during the 1946 marketing year: (1) the U.S. loan to Great Britain, (2) the still depleted foreign stocks and inventories, and (3) the importance of tobacco sales as a source of revenue in several of the important foreign countries, causes these countries to set up economic conditions favorable to tobacco importations.

Congress Approves British Loan

The British loan, signed by the President on July 15, 1946, will prove an important factor contributing to a maintenance of tobacco exports as the loan will increase the amount of dollar exchange available to the United Kingdom for purchase of flue-cured tobacco, as well as other types. An important additional effect, stemming from the fact that Britain will use the loan throughout the sterling area, will be the increase in available dollar exchange in the sterling and closely allied areas which normally import dark tobaccos, cigar types and some Maryland and burley.

Postwar Pattern of Exports Influenced By Custom, Available Supplies And Exchange Considerations

As indicated by table 2, Great Britain, China and Australia are taking large quantities of flue-cured tobacco, while France, Portugal and Norway are the largest importers of burley tobacco. Though burley exports in the first five months of this season are only 5 percent as large as flue-cured exports, the present volume is large compared with past years. The relative shortage of lower-price tobaccos has caused countries such as France, Portugal, Norway and others to expand their burley imports while the British continue their customary preference for flue-cured. Dark air-cured and fire-cured tobaccos have been moving in volume to France, the Scandinavian countries, Switzerland, the Netherlands and the United Kingdom. As indicated above exportable supplies of dark tobaccos in the United States have been small, especially in the case of fire-cured, thereby curtailing exports. Black fat, processed from both dark air-cured and fire-cured tobaccos has been moving in volume to its prewar markets in Nigeria, the Gold Coast, other African localities and various islands. Cigar tobaccos are moving into export at greater than prewar volume. At present the most important importers of United States cigar leaf are Belgium, Denmark, the United Kingdom, Switzerland, Netherlands, and Canada.

Table 2.-United States Exports: Tobacco, by types, to Countries of Destination, January-May 1946 1/

Country of Destination	Flue-cured	Burley	Maryland	Fire-cured	Dark Air-Cured	Cigar	All types
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
North America							
Canada	---	---	---	---	---	147	147
Newfoundland	---	---	7	---	12	---	19
Mexico	---	569	---	---	---	---	569
Central America							
Honduras	---	---	---	7	26	---	33
South America							
Argentina	531	213	---	166	---	14	924
Uruguay	243	6	---	---	---	---	249
Brazil	147	99	---	---	---	10	256
Other South America	---	---	---	13	47	---	60
Europe							
United Kingdom	181,791	142	---	1,667	215	6312/	184,512
Ireland	4,960	---	---	---	7	---	4,967
Norway	5,539	722	19	1,025	---	--- 2/	7,319
Netherlands	4,580	117	535	719	229	191	6,371
Belgium	2,468	---	---	---	---	1,191	3,659
Sweden	2,467	134	---	3,052	---	---	5,653
Portugal	2,309	1,781	2	248	---	60	4,400
Finland	1,406	118	---	---	---	---	1,524
France	898	6,732	---	---	1,865	---	9,495
Switzerland	601	206	2,014	2,184	---	3752/	5,384
Spain	507	252	97	---	---	---	856
Denmark	368	212	---	---	---	777	1,357
Malta	297	---	---	---	---	---	297
Italy	---	61	---	---	---	---	61
Asia							
China	10,454	---	---	---	---	---	10,454
India	5,865	---	---	---	2	---	5,867
Ceylon	704	---	---	---	---	---	704
Palestine	525	---	---	---	---	---	525
Thailand (Siam)	379	---	---	---	---	---	379
Australia	18,038	---	---	36	---	---	18,074
New Zealand	7,233	---	---	---	---	---	7,233
Philippine Islands	---	---	---	---	---	64	64
Africa							
Egypt	941	101	---	---	---	---	1,042
Other Africa	475	---	---	418	1,870	---	2,763
Atlantic Islands	---	---	---	37	137	---	174
All other	3,049	630	---	6,808	136	133	10,756
Grand Total	256,775	12,095	2,674	16,380	4,546	3,593	2/296,147

1/ Farm-sales weight.
2/ Includes a small quantity of Perique.

FLUE-CURED, TYPES 11-14

July 10 Crop Report Indicates Largest Flue-cured Crop On Record

According to the July 10 estimate of the Bureau of Agricultural Economics, 1,193,700 acres of flue-cured tobacco will be harvested in 1946. At the indicated yield of 1,068 pounds per acre, this acreage would produce about 1,274.4 million pounds. This total would exceed last year's record production by about 100 million pounds.

Exports Up in 1945 Marketing Year; Domestic Disappearance Down

Exports during the first 11 months of the 1945-46 marketing year totaled 430 million pounds (farm-sales weight). Exports for the full 12 months probably will be about 475 million pounds, or 21 million pounds more than in the preceding year.

Domestic disappearance, on the other hand, has been running below levels of a year earlier. This decline is primarily attributable to the slump in cigarette production that occurred between July and December, in smoking tobacco after November of last year. For the marketing year ended June 30 this year, domestic disappearance is estimated at 675 million pounds, compared with 698 million in the preceding year. Domestic disappearance and exports will amount to about 1,150 million pounds, about the same as during the 1944 marketing year.

Large Disappearance In Prospect For 1946 Marketing Year

Cigarette production is running well above the July to December 1945 monthly rate. With a continued high level of consumer incomes, production can be expected to continue high. Thus, domestic disappearance of flue-cured during the 1946 marketing year probably will exceed the 675 million pounds estimated for the 1945 marketing year. Exports of flue-cured tobacco during the 1945 marketing year probably exceeded those of a year earlier. The British loan, along with large exports to China, can be expected to bring further expansion in exports of flue-cured tobacco in the year ahead.

Auctions for Types 13 and 14 Open; Prices Favorable

Type 14 auctions opened in Georgia-Florida on July 24 with prices averaging above those of a year earlier. Prices of the best grades were up as much as 5 cents a pound, while prices of green grades and nondescript were down as much as 20 cents a pound below the high prices which developed for these grades under price controls. The crop is reported of better quality than usual. Through August 2 gross sales totaled 72.4 million pounds at a record high average of 46.74 cents per pound. This price compares with 40.85 cents during the first two weeks of the 1945 season and the 1945 season average price of 39.5 cents.

Auctions for type 13 opened on August 1 with prices for the better grades running from 3 to 18 cents above those in the first three days of last year while on the other hand prices of the poorer grades ran as much as 23.75 cents below.

With prices at type 13 and 14 auctions above a year earlier and a strong foreign and domestic demand in prospect, season average prices for all flue-cured types probably will be high enough to raise cash receipts from flue-cured tobacco to the highest level in history.

Table 3.- Flue-cured Tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year	Production	Stocks July 1	Total Supply	Disappearance year beginning July 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	741.0	844.9	1,585.9	704.3	22.9
1939	1,170.9	946.3	2,117.2	707.5	14.9
1940	759.9	1,409.7	2,169.6	576.7	16.4
1941	649.6	1,592.9	2,242.5	783.0	28.1
1942	811.7	1,459.5	2,271.2	892.4	38.4
1943	790.2	1,378.8	2,169.0	980.2	40.2
1944	1,089.7	1,188.8	2,278.5	1,152.2	42.4
1945 2/	1,173.6	1,126.3	2,299.9	4/ 1,150.0	43.7
1946	3/ 1,274.4	4/ 1,149.9	4/ 2,424.3		

1/ Farm-sales weight. 2/ Preliminary. 3/ Indicated July 1. 4/ Estimated.

Marketing Quotas Voted For 1947, 1948 and 1949 Crops

Ninety-seven percent of the growers of flue-cured tobacco who voted in the July 12 referendum favored the continuance of marketing quotas for the 1947, 1948 and 1949 crops of this tobacco.

BURLEY, TYPE 31

Exports Increase; Domestic Use Falls Off; Stocks October 1, 1946 Expected to be Lower Than in 1945

Exports for the 1945 marketing year appear likely to be more than double the 9.4 million pounds exported in the 1944 marketing year. Exports of burley in the first eight months of the current crop year totaled 16.9 million pounds, whereas it was anticipated earlier that exports for the full 12 months would total 15 million pounds. Tobacco manufacturers apparently will use about 450 million pounds during the 1945 marketing year some 25 million less than the record high total consumed in 1944. The decrease in domestic disappearance results largely from a curtailment in smoking tobacco consumption and production.

On the basis of these data, disappearance in this marketing year would total more than 470 million pounds, compared with 484 million pounds in the 1944-45 season. Also, stocks on next October 1 would amount to around 865 million pounds, or about 106 million pounds more than on last October 1.

Table 4.- Burley Tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year	Production	Stocks October 1	Total Supply	Disappearance year beginning October 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	287.2	700.9	988.1	314.5	22.2
1939	395.4	684.1	1,079.5	317.2	17.3
1940	375.3	762.3	1,137.6	339.5	16.2
1941	336.8	798.1	1,134.9	379.6	29.2
1942	343.5	755.3	1,098.8	412.8	41.8
1943	391.4	686.0	1,077.4	426.2	45.6
1944	591.5	651.2	1,242.7	483.7	44.0
1945 2/	578.1	759.0	1,337.1	4/ 472.1	39.4
1946	3/ 543.3	4/ 865.0	4/ 1,408.3		

1/ Farm-sales weight. 2/ Preliminary. 3/ Indicated July 1. 4/ Estimated.

Prospective Production Down:
1946-47 Season Supplies Up

As a result of last year's break in prices and the 10 percent reduction in marketing quotas and acreage allotments, farmers reduced the area in burley from 517,300 acres in 1945 to 499,000 in 1946. The July 10 crop report indicates that the 1946 acreage will produce about 543.3 million pounds, around 34.8 million pounds less than in 1945. This production, plus the October 1 stocks indicated above, would provide supplies of 1,408.3 million pounds for the 1946 marketing year, about 71 million pounds above a year earlier.

MARYLAND, TYPE 32

Maryland Prices Strong

Auctions for the 1945 crop of Maryland tobacco opened on May 21, 1946. By July 26 about 56.0 percent of the crop, or 12,089 thousand pounds, had been sold at prices averaging 57.27 cents per pound. This average was 2.31 cents a pound above the record high established in the corresponding weeks of last season. The absence of ceiling prices this season permitted advances in the prices of the better grades beyond those received for corresponding grades a year earlier. However, prices for the poorer grades declined below those of last year. Thus price differentials between grades have widened beyond those which developed under price control.

On the day the auctions opened, prices were much below those of a year earlier and farmers withheld offerings to such an extent that certain of the auctions were closed. Shortly thereafter, however, prices advanced substantially reflecting a strong demand for Maryland tobacco.

Table 5.- Maryland Tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year	Production	Stocks January 1 of following year	Total Supply	Disappearance yr. beginning Jan. 1 of following yr.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	27.5	38.4	65.9	27.5	19.7
1939	32.8	36.3	69.1	25.9	21.1
1940	32.6	43.2	75.8	30.8	33.0
1941	31.2	45.0	76.2	28.5	30.1
1942	28.1	47.7	75.8	32.0	56.5
1943	20.8	43.8	64.6	27.0	45.3
1944	38.2	37.6	75.8	29.3	55.5
1945 2/	21.6	46.5	68.1	4/ 33.8	55.0
1946	3/ 39.2	4/ 34.3	4/ 73.5		

1/ Farm-sales weight. 2/ Preliminary. 3/ Indicated July 1. 4/ Estimated.

Indicated 1946 Crop 181 Percent of 1945 Crop

According to the July 10 crop report, Maryland farmers plan to harvest 46,100 acres of tobacco which it is estimated will produce 39.2 million pounds. The 1945 crop of Maryland tobacco was 21.6 million pounds.

Domestic disappearance of Maryland tobacco is running above the level a year ago, and exports for the year ending December 31, 1946, may total 6 million pounds, twice the level of a year earlier. Total disappearance during the 1945 crop year will exceed the 1945 crop by about 12 million pounds. This disappearance will reduce the carry-over at the beginning of the 1946 marketing year below the level of a year earlier. The increase in 1946 production over 1945, however, more than offsets the reduction in carry-over. Demand for Maryland tobacco is expected to be strong during the 1946 marketing year as a result of the strong demand for cigarettes.

DARK TOBACCO
(Fire-cured, types 21-24, and dark air-cured, types 35-37)

Inadequate Supplies Hold Down Exports of Fire-cured Tobacco; Disappearance Near 1945

The smallness of the nation's exportable supplies of fire-cured tobacco has reduced exports of this tobacco to almost half the 1945 level when exports

Table 6.- Dark tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year	Production	Stocks October 1	Total Supply	Disappearance year beginning October 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Fire-cured types 21-24, and dark air-cured, types 35-37			TOTAL ALL DARK TOBACCO		
Average 1934-38	145.7	257.0	402.7	162.0	10.0
1939	143.5	192.3	335.8	128.6	9.5
1940	150.1	207.2	357.3	98.9	9.0
1941	101.2	258.4	359.6	111.0	13.4
1942	106.7	248.6	355.3	110.2	16.4
1943	94.8	245.1	339.9	108.7	24.6
1944	109.6	231.2	340.8	148.6	24.0
1945 2/	100.7	192.2	292.9	4/121.0	28.8
1946	3/127.5	4/171.9	4/299.4		
Total types 21-24			Fire-cured		
Average 1934-38	110.2	194.2	304.4	123.0	10.2
1939	99.3	136.2	235.5	93.9	10.6
1940	107.6	141.6	249.2	65.3	9.5
1941	69.7	183.9	253.6	69.0	14.1
1942	71.5	184.6	256.1	76.3	17.1
1943	64.8	179.8	244.6	71.1	23.4
1944	65.1	173.5	238.6	106.8	24.5
1945 2/	57.1	131.8	188.9	4/ 80.0	31.5
1946	3/ 83.3	4/108.9	4/192.2		
Total types 35-37			Dark air-cured		
Average 1934-38	35.5	62.8	98.3	39.0	9.4
1939	44.2	56.1	100.3	34.7	7.3
1940	42.5	65.6	108.1	33.6	7.7
1941	31.5	74.5	106.0	42.0	12.0
1942	35.2	64.0	99.2	33.9	15.2
1943	30.0	65.3	95.3	37.6	27.2
1944	44.5	57.7	102.2	41.8	23.3
1945 2/	43.6	60.4	104.0	4/ 41.0	25.2
1946	3/ 44.2	4/ 63.0	4/107.2		

1/ Farm-sales weight.
2/ Preliminary.
3/ Indicated July 1.
4/ Estimated.

included the large supplies which accumulated during the war. Disappearance of fire-cured tobacco is being maintained near the 1945 level. Thus, total disappearance for the 1945-46 season probably will amount to around 80 million pounds, around 25 million pounds below that in the 1944-45 season. On the basis of the above disappearance data, stocks by October 1 are expected to total around 109 million pounds, about 23 million pounds less than on October 1, 1945.

1946 Crop of Fire-cured Tobacco Will Probably Exceed 1945 Crop by 46 Percent

Growers had 83,900 acres of fire-cured tobacco in cultivation on July 1, which it is estimated will produce 83.3 million pounds. This production, plus the carry-over indicated above, would provide a supply of 192.2 million pounds for the 1946-47 season, about 3 million more than were available during the 1945-46 season. The strong foreign demand for dark tobacco appears likely to absorb the increased production at prices near those received for the 1945 crop.

Exports of Dark Air-cured Tobacco Up; Domestic Consumption Down

Foreign purchasers have increased their takings of dark air-cured tobacco this season. The increase in exports will about offset the curtailment in domestic consumption resulting from decreased chewing tobacco production. Stocks on October 1 probably will be between 60 and 65 million pounds, cmmpared with 60 million a year earlier.

1946 Acreage of Dark Air-cured Tobacco Off; Indicated Yield Up

The July 10 crop report indicated that the area in dark air-cured tobacco this year totals 43,300 acres, 800 acres less than in 1945, and that the yield would be 1,021 pounds per acre compared with 988 last year. On this basis the 1946 crop would amount to 44.2 million pounds, compared with 43.6 million last year. This crop, along with the carry-over indicated above, would provide supplies of around 107.2 million pounds for the 1946 marketing year. This level of supplies would be higher than last year, when prices strengthened throughout the marketing season. It is probable that some increased foreign demand during the season beginning October 1, 1946, will about offset a decreased demand for dark air-cured from chewing tobacco manufacturers.

CIGAR TOBBACO

Disappearance Large; Lower October 1 Stocks in Prospect

Total disappearance of all types of cigar tobacco this marketing year will probably be about the same as the 134.9 million pounds that disappeared last year. Exports through May of the 1945-46 season totaled 6.4 million

pounds, compared with 2.4 million a year earlier. Tax-paid withdrawals of large cigars through June of this calendar year total 2.9 million, compared with 2.4 million in the corresponding period a year earlier. While stocks of cigar leaf on October 1, 1946 are expected to be about 250 million pounds, or 10 million pounds less than a year earlier, the larger crop will increase total supplies over last year.

Table 7.- Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year	Production	Stocks Oct. 1 2/	Total Supply	Disappearance year beginning October 1 2/	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	3/ 99.2	335.7	434.9	123.8	17.1
1939	137.7	269.4	407.1	108.4	18.6
1940	144.0	298.7	442.7	137.3	17.4
1941	143.2	305.4	448.6	131.3	20.4
1942	118.6	317.3	435.9	143.4	25.8
1943	108.8	292.5	401.3	133.7	37.8
1944	127.6	267.6	395.2	134.9	40.2
1945 4/	123.6	260.3	383.9	6/ 134.4	55.7
1946	5/ 141.8	6/ 249.5	6/ 391.3		

1/ Farm-sales weight
2/ Stocks and disappearance for types 56 and 62 are as of July 1
3/ Production was unusually low during this period
4/ Preliminary
5/ Indicated July 1
6/ Estimated

Larger 1946 Crop Will Offset Smaller Stocks

Farmers had 100.7 thousand acres of cigar tobacco in cultivation on July 1, which they indicated would produce about 141.8 million pounds. This production, plus estimated stocks October 1, would place 1946 marketing year supplies at about 391.3 million pounds. When filler, binder, and wrapper types are considered separately, it appears probable that filler supplies in the next marketing year may be as much as 3 million pounds below those of 1945. Binder supplies may be up as much as 10 million pounds and wrapper supplies may be down slightly. Prices for filler and binder types increased materially last season. Domestic and foreign demand for these types probably will continue strong during the next season. Because of the difference in total supplies, 1946 prices for filler tobacco may be stronger than for binder. Farmers received an average of $1.97 a pound for wrapper types in the 1945-46 season. The relatively short supply situation prevailing at that time has not changed materially.

Table 8.- Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year and type	Production	Stocks October 1: 2/	Total Supply	Disappearance year beginning October 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total filler types 41-44 3/					
Average 1934-38	48.2	158.8	207.0	53.8	10.5
1939	62.4	139.4	201.8	53.1	11.6
1940	66.5	148.7	215.2	58.2	11.9
1941	71.5	157.0	228.5	61.7	12.4
1942	53.6	166.8	220.4	66.8	13.2
1943	47.4	153.6	201.0	55.6	18.6
1944	59.3	145.4	204.7	61.8	19.5
1945 4/	50.4	142.9	193.3		34.0
1946	5/ 57.2				
Total binder types 51-56					
Average 1934-38	41.8	165.1	206.9	60.5	12.4
1939	63.3	116.6	179.9	45.0	16.6
1940	67.9	134.9	202.8	66.1	14.5
1941	61.6	136.7	198.3	60.4	16.9
1942	55.7	137.9	193.6	67.0	20.3
1943	51.4	126.6	178.0	69.5	30.3
1944	57.0	108.5	165.5	63.2	30.9
1945 4/	62.0	102.3	164.3		47.8
1946	5/ 72.6				
Total wrapper types 61-62					
Average 1934-38	8.4	10.7	19.1	8.9	78.3
1939	11.4	10.8	22.2	9.3	67.7
1940	9.5	12.9	22.4	10.7	75.8
1941	10.1	11.7	21.8	9.1	98.4
1942	9.2	12.7	21.9	9.6	132.1
1943	10.0	12.3	22.3	8.6	168.0
1944	11.3	13.7	25.0	9.9	196.0
1945 4/	11.2	15.1	26.3		197.0
1946	5/ 12.0				

1/ Farm-sales weight.
2/ Stocks for types 56 and 62 are as of July 1.
3/ A small quantity of type 45 for 1939 and 1940 is not included.
4/ Preliminary.
5/ Indicated July 1.

PRICE CONTROL LAW

The Emergency Price Control and Stabilization Acts, as amended by public law 548 - 79th Congress, now provide that:

"no maximum price and no regulation under this Act or the Stabilization Act of 1942, as amended, shall be applicable with respect to --- leaf tobaccoror tobacco products processed or manufactured in whole or substantial part therefrom, except that, after August 20, 1946, maximum prices with respect thereto may be reestablished pursuant to the provisions of Paragraph (3) of this subsection (e), but only under the standards prescribed in paragraph (8) (C) of this subsection (e)."

Paragraph (3) subsection (e) reads as follows:

"(3) Whenever the Secretary of Agriculture determines that an agricultural commodity with respect to which maximum prices have been removed is in short supply and that the reestablishment of maximum prices with respect thereto is necessary to effectuate the purposes of this Act, the Secretary, with the written consent of the Price Decontrol Board, may recommend to the Administrator, and the Administrator shall establish, such maximum prices with respect to such commodity, consistent with applicable provisions of law, as in the judgment of the Secretary are necessary to effectuate the purposes of this Act."

Paragraph (8) (C) subsection (e) reads as follows:

(8)

"(C) If in the case of any commodity listed in subparagraph (A) such Board, on or before August 20, 1946, does direct that such commodity shall not be regulated under such Acts, the Board may at any subsequent time direct that such commodity shall be so regulated if it finds:

"(i) that the price of such commodity has risen unreasonably above a price equal to the lawful maximum price in effect on June 30, 1946, plus the amount per unit of any subsidy payable with respect thereto as of June 29, 1946; and

"(ii) that such commodity is in short supply and that its regulation is practicable and enforceable; and

"(iii) that the public interest will be served by such regulation. Thereafter, the provisions of such Acts and regulations and orders thereunder shall be applicable with respect to such commodity without regard to this paragraph (8)."

Table 9 - Tax-paid withdrawals of tobacco products in the United States, calendar years 1944 and 1945, and July-May 1944-45 and 1945-46 1/

Products	Calendar year			July-May		
	1944	1945	Change	1944-45	1945-46	Change
	Millions	Millions	Percent	Millions	Millions	Percent
Small cigarettes	239,285	267,622	+ 11.8	214,621	280,151	+ 30.5
Large cigarettes	27	822/	+2945.7	67	202/	- 69.5
Large cigars	4,786	5,014	+ 4.8	4,481	4,997	+ 11.5
Small cigars	140	98	- 30.0	104	86	- 17.3
Snuff 3/	42,035	43,631	+ 3.8	39,883	37,884	- 5.0
Manufactured tobacco 3/	251,783	270,210	+ 7.3	252,238	215,098	- 14.7

1/ Tax-paid withdrawals include products from Philippine Islands and Puerto Rico. After January 1942 tax-paid withdrawals from Philippine Islands are not included.
2/ Based on actual, not rounded figures.
3/ Thousand pounds.

Table 10 - Production of manufactured tobacco in the United States, calendar years 1944 and 1945, and July-March 1944-45 and 1945-46

Manufactured tobacco	Calendar year			July-March		
	1944	1945	Change	1944-45	1945-46	Change
	1,000 pounds	1,000 pounds	Percent	1,000 pounds	1,000 pounds	Percent
Smoking	139,874	168,627	+ 20.6	125,981	109,963	- 12.7
Plug	61,656	59,637	- 3.3	45,878	46,214	+ .7
Twist	6,467	6,691	+ 3.5	4,996	4,994	0
Fine-cut	4,094	4,040	- 1.3	3,082	3,249	+ 5.4
Scrap chewing	52,883	47,807	- 9.6	40,895	37,552	- 8.2
Snuff	41,960	43,832	+ 4.5	32,302	30,931	- 4.2

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Table 11.- Acreage and production of tobacco in the United States, by types, 1945 and 1946

Type	Acreage			Production		
	1945 1/	1946 2/	Change	1945 1/	1946 2/	Change
	1,000 acres	1,000 acres	Percent	Million pounds	Million pounds	Percent
Total flue-cured, types 11-14	1,076.7	1,193.7	+ 10.9	1,173.6	1,274.4	+ 8.6
Old and Middle Belt, type 11	389.0	437.0	+ 12.3	422.8	455.9	+ 7.8
Eastern North Carolina, type 12	353.0	392.0	+ 11.0	395.3	441.0	+ 11.6
South Carolina, type 13	213.0	240.0	+ 12.7	233.0	256.3	+ 10.0
Georgia and Florida, type 14	121.7	124.7	+ 2.5	122.5	121.2	- 1.1
Total fire-cured, types 21-24	60.1	83.9	+ 39.6	57.1	83.2	+ 45.7
Virginia, type 21	14.0	15.7	+ 12.1	11.8	14.4	+ 22.0
Kentucky and Tennessee, type 22	33.0	46.0	+ 39.4	32.8	46.9	+ 43.0
Kentucky and Tennessee, type 23	13.0	21.7	+ 66.9	12.4	21.4	+ 72.6
Henderson, type 24	.1	.5	+400.0	.1	.5	+3/500.0
Burley, type 31	517.3	499.0	- 3.5	578.1	543.3	- 6.0
Maryland, type 32	36.0	46.1	+ 28.1	21.6	39.2	+ 81.5
Total dark air-cured, types 35-37	44.1	43.3	- 1.8	43.6	44.2	+ 1.4
One Sucker, type 35	26.7	24.8	- 7.1	26.7	26.0	- 2.6
Green River, type 36	14.6	15.0	+ 2.7	14.6	15.0	+ 2.7
Virginia sun cured, type 37	2.8	3.5	+ 25.0	2.3	3.2	+ 39.1
Total cigar filler, types 41-44	39.4	42.2	+ 7.1	50.4	57.2	+ 13.5
Pennsylvania Seedleaf, type 41	35.3	36.7	+ 4.0	45.9	51.4	+ 12.0
Miami Valley, types 42-44	4.1	5.5	+ 34.1	4.5	5.8	+ 28.9
Total cigar binder, types 51-56	40.0	46.2	+ 15.5	62.0	72.6	+ 17.1
Connecticut Valley Broadleaf, type 51	8.2	8.6	+ 4.9	13.3	14.2	+ 6.8
Conn. Valley Havana Seed, type 52	6.7	7.8	+ 16.4	10.1	13.3	+ 31.7
N.Y. and Pa. Havana Seed, type 53	1.1	1.2	+ 9.1	1.5	1.5	+3/ 5.5
Southern Wisconsin, type 54	11.7	13.9	+ 18.8	18.7	21.3	+ 13.9
Northern Wisconsin, type 55	12.1	14.4	+ 19.0	18.2	22.1	+ 21.4
Ga. and Fla. sun-grown, type 56	.2	.3	+ 50.0	.2	.2	+3/ 37.1
Total cigar wrapper, types 61-62	11.2	12.3	+ 9.8	11.2	12.0	+ 7.1
Conn. Valley shade-grown, type 61	8.1	8.7	+ 7.4	7.6	8.6	+ 13.2
Ga. and Fla. shade-grown, type 62	3.1	3.6	+ 16.1	3.6	3.4	- 5.6
Louisiana Perique, type 72	.3	.3	0	.2	.1	-3/ 22.0
Total all types	1,825.1	1,967.0	+ 7.8	1,997.8	2,126.2	+ 6.4

1/ Preliminary.
2/ July 1 indications.
3/ Based on actual, not rounded figures.